

### **Remarks**

Claims 1-2 were pending in this application. Claims 1-2 have been amended to more particularly define the present invention. In view of the foregoing amendments and following remarks, Applicant respectfully requests allowance of the Application.

### **Substance of Examiner Interview**

Applicant thanks Examiner Greene for taking the time on February 3, 2010 to discuss the present application with Applicant's representatives.<sup>1</sup> The invention of the present application and the distinctions with the prior art were discussed, in the context of proposed amendments to claim 1. No agreement was reached. The foregoing claim amendments and the following remarks incorporate the substance of the interview and no further submission is believed to be required.

### **Claim Rejections under 35 U.S.C. §103(a)**

Claims 1-2 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Maggioncalda et al. (U.S. Patent No. 5,918,217) [hereinafter "Maggioncalda et al."] in view of Young et al. (U.S. Patent No. 6,393,409) [hereinafter "Young et al."]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

In his rejection, the Examiner contends that "trading one share of these mutual funds is the same as trading a portfolio." Further in the office action, the Examiner again states "[t]rading one share of a mutual fund is akin to trading a portfolio containing each of the underlying securities of the fund."

However, the Applicant respectfully disagrees. As set forth in the specification in great detail, owning shares of a mutual fund provides significant differences to the investor than owning a share of stock. See ¶¶0004-0021. For example, one can control taxable events when owning a stock, but cannot when owning a mutual fund as gains and losses are distributed to mutual fund shareholders from trading by the managers of the mutual fund. Thus, even by

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<sup>1</sup> Brian Mudge (of the firm Kenyon & Kenyon) and Michael Fortkort.

simply holding shares of a mutual fund one can be assessed taxable capital gains or losses, which cannot occur if one simply holds shares of stock.

In addition to the inability to manage and control tax effects, further examples (as described in the specification) of the benefits of the present invention over mutual funds include:

- inability to select securities or monitor selection of securities
- exercise shareholder rights or rights regarding reinvestment or distributions
- modify or control costs
- make intra day modifications
- monitor and control risk levels and "styles" of investing
- switch fund families or funds without consequences
- manage multiple investments as a whole

See *id.* Thus, for example, owning stock entails the owner the right to vote the stock, whereas mutual funds do not enable their shareholders to vote any stocks held by the mutual fund.

Claim 1 recites that the market tradable instruments are directly owned by the user, which is contrary to a mutual fund share, where the underlying assets of the mutual fund are not directly owned by the shareholder. This direct ownership provides, *e.g.*, the aforementioned tax advantages and voting rights absent from mutual fund ownership.

The Examiner states as well that "when a user purchases a share of the mutual fund, then it becomes directly owned by the investor and is obviously market tradable because that's how the fund was able to be purchased in the first place." However, the underlying assets of the fund are not directly owned by the investor, and thus the investor merely owns a single asset – a mutual fund share, which is actually not market tradable since these funds may only be purchased from or sold to the fund itself, at a price determined by the fund, and cannot be purchased or sold on a market.

The Examiner further states that "one would be motivated to combine repetitive tasks into one task for the purpose of saving time, ease or processing, etc." Yet, the present invention does not combine repetitive tasks but rather performs a plurality of distinctly different tasks – trading individual market tradable assets at a quantity determined by the processor to achieve certain user specified objectives. Each individual trade comprises a unique task

different than the other trades. For example, some trades could be buys and some trades could be sells.

The present invention creates a significant user interface that enables the user to focus on his or her entire investment portfolio and its relationship to the user's specified objectives, without needing to concern himself with the details of trades needed to achieve these objectives. Moreover, the present invention enables users to achieve all of the diversification benefits of a mutual fund without the stated disadvantages in a significantly economical process.

Young et al. fails to cure the deficiencies of Maggioncalda et al. and, accordingly, the combination of Maggioncalda et al. and Young et al. does not render the claimed invention obvious.

Therefore, both Maggioncalda et al. and Young et al., either taken alone or in combination, fail to anticipate or render obvious the claims at issue and the Applicant respectfully requests reconsideration and withdrawal of the rejection of claims 1-2 based on these references.

### **CONCLUSION**

All outstanding rejections have been overcome. It is respectfully submitted that, in view of the foregoing amendments and remarks, the application is in clear condition for allowance. Issuance of a Notice of Allowance is earnestly solicited.

The Office is hereby authorized to charge any fees required under 37 C.F.R. § 1.16 or § 1.17 or credit any overpayments to Deposit Account No. 11-0600. The Office is invited to contact the undersigned at 202-220-4200 to discuss any matter regarding this application.

Respectfully submitted,

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